



March 9, 2023
OSG Corporation

Notice Regarding Issuance of Green Bonds (OSG Beyond the Limit Bond)

In its medium-term management plan “Beyond the Limit 2024”, OSG Corporation (the Company) has positioned FY2022-FY2024 period as a stage to improve profitability and business efficiency to create a strong corporate structure, intending to contribute to global manufacturing industry in a carbon-neutral era.

OSG is thus scheduled to issue its inaugural green bond (the Green Bond) after April.

With its strong commitment to decarbonization as a company aiming to issue the world’s first green bonds by a cutting-tool manufacturer, OSG has renamed the bond “OSG Beyond the Limit Bond”.

The Company announced today that it has submitted to the Director-General of the Kanto Local Finance Bureau an amended shelf registration statement for the bond.

1. Purpose and background of the issuance of Green Bond

Since its establishment in 1938, OSG has been pioneering the global cutting tool market as a comprehensive cutting tool manufacturer, with a mission to support the global manufacturing industry on a global scale.

Looking ahead to 2030, when full-transition to carbon-neutrality is expected to start, OSG believes that not only pursuit of efficiency and convenience but also development of sustainable society is a key management issue. With its corporate philosophy “Global Presence”, OSG aims to become “an essential player contributing the global manufacturing industry” as a long-term vision, and the medium-term management target “Beyond the Limit 2024” was planned in January 2022 to realize the long-term vision. In order to achieve the goal, OSG has identified selected eight issues (materiality) to be prioritized and promotes ESG management.

Proceeds from the offering will be used to capital investment and research and development related to projects categorized in “energy-saving” and “environmentally-efficient products” criteria shown in 3. Green Bond Eligible project as “initiatives to address climate change,” one of eight materiality issues. Through the issuance of the Green Bond, OSG intends to further accelerate initiatives to realize sustainable society as well as its business growth.

2. Contents of the Green Bond

Name	OSG Corporation Series 3 Unsecured Bonds (with an inter-bond pari passu clause) (Green Bond) (OSG Beyond the Limit Bond)
Maturity	5years
Issue Amount	JPY5bn
Timing of Issuance	In or after April 2023 (scheduled)
Lead Underwriters	Nomura Securities Co., Ltd., SMBC Nikko Securities Inc., Mizuho Securities Co., Ltd.
Structuring Agent ^{※1}	Nomura Securities Co., Ltd.

※1 The structuring agent is the entity that supports green bond issuance through the formulation of a green bond framework and the acquisition of second-party opinions.

3. Green Bond Eligible Projects

Category	GBP Category ^{※2}	Eligible Criteria and Projects
Save Energy	■ Green Building	<p>■ Building of which environment building certification was acquired or renewed prior to 24 months of issuance of the Green Bonds. Or, such building of which certification will be acquired or renewed in the future</p> <ul style="list-style-type: none"> ▪ CASBEE Construction (New, Existing, Renovated), CASBEE Real Estate Certification : Rank B+, A and S ▪ ZEB, Nearly ZEB, ZEB Ready, ZEB Oriented under ZEB Certification ▪ BELS : 3 stars, 4 stars and 5 stars ▪ DBJ Green Building Certification : 3 stars, 4 stars and 5 stars <p><Project example></p> <p>■ Costs for Oike Factory renovation (CASBEE Certification : Rank B+ (Expected))</p>
	■ Energy Efficiency in product development process	<p>■ Costs for introduction and maintenance of systems which realize improvement of energy efficiency by</p>

		<p>more than 30% current efficiency by reducing prototypes.</p> <p><Project example></p> <ul style="list-style-type: none"> ■ Cutting simulating using CAE analysis
Eco-efficient Products	<ul style="list-style-type: none"> ■ Eco-efficient Products, Production Technologies, and Processes 	<ul style="list-style-type: none"> ■ Costs for research and development and introduction of related production equipment to realize improvement of energy efficiency by more than 30% current efficiency <p><Project example></p> <ul style="list-style-type: none"> ■ Environmentally-friendly product which helps saving energy (Drills) ■ Products which helps saving energy and reduce waste by streamlining manufacturing process (PDZ)

※2 GBP : Green Bond Principles

In the issuance of the Bond, OSG is aligned with the Green Bond Principles 2021 by the International Capital Market Association (ICMA) and the Green Bond Guidelines 2022 by the Ministry of the Environment and has formulated a green bond framework to address four requirements (1. use of proceeds, 2. Project evaluation and selection process, 3. management of proceeds and 4. reporting).

OSG is obtained Green 1 (F), the highest rating of JCR Green Bond Framework evaluation provided by a third party Japan Credit Rating Agency, in order to ensure the eligibility to the Green Bond Principles 2021 and the Green Bond Guidelines 2022 and transparency of the Green Bond offering, and to further attract investors.

JCR Green Bond Framework Evaluation Results: <https://www.jcr.co.jp/greenfinance/green/>

Green Bond Framework: https://www.osg.co.jp/en/about_us/ir/news/file/green_bond_framework_en.pdf

Note: This press release has been prepared for the sole purpose of publicly announcing the Company's establishment of green bond framework, and not for the purpose of soliciting investment or engaging in any other similar activity.